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Agenda item 8

Executive Committee

RENEGOTIATION OF THE INTERNATIONAL NATURAL RUBBER AGREEMENT, 1987

Proposals submitted by the President on articles 3, 5, 21, 33, 35, and 37

CHAPTER III. ORGANIZATION AND ADMINISTRATION

Article 3

Establishment, headquarters and structure of the International Natural Rubber Organization

1. The International Natural Rubber Organization, established by the International Natural Rubber Agreement, 1979, shall continue in being for the purpose of administering the provisions and supervising the operation of this Agreement.

2. The Organization shall function through the International Natural Rubber Council, its Executive Director and its staff, and such other bodies as are provided for in this Agreement.

3. Subject to the requirement in paragraph 4 of this article, the headquarters of the Organization shall be in Kuala Lumpur, unless the Council, by special vote, decides otherwise.

4. The headquarters of the Organization shall at all times be located in the territory of a member.

Article 5

Membership by intergovernmental organizations

1. Any reference in this Agreement to a "Government" or "Governments" shall be construed as including a reference to the European Community and to any intergovernmental organization having responsibilities in respect of the negotiation, conclusion and application of international agreements, in particular commodity agreements. Accordingly, any reference in this Agreement to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession shall, in the case of such intergovernmental organizations, be construed as including a reference to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession, by such intergovernmental organizations.

2. In the case of votes on matters within their competence, such intergovernmental organizations shall exercise their voting rights with a number of votes equal to the total number of votes attributed, in accordance with article 14, to their member States. In such cases, the member States of such intergovernmental organizations shall not exercise their individual voting rights.

CHAPTER VI. ACCOUNTS AND AUDIT

Article 21

Financial accounts

1. For the operation and administration of this Agreement, there shall be established two accounts :

(a) The Buffer Stock Account; and

(b) The Administrative Account.

2. All the following receipts and expenditures in the creation, operation and maintenance of the Buffer Stock shall be brought into the Buffer Stock Account: contributions from members under article 27, revenue from sales of or expenditure in respect of acquisition of buffer stocks; interest on deposits of the Buffer Stock Account; and costs relating to purchase and sales commissions, storage, transportation and handling, maintenance and rotation, and insurance. The Council may, however, by special vote, bring any other type of receipts or expenditures attributable to buffer stock transactions or operations into the Buffer Stock Account.

3. All other receipts and expenditures relating to the operation of this

Agreement shall be brought into the Administrative Account. Such expenditures shall normally be met by contributions from members assessed in accordance with article 24.

4. The Organization shall not be liable for the expenses of delegations or observers to the Council or to any committee established under article 18.

CHAPTER VIII. THE BUFFER STOCK

Article 33
Composition of buffer stocks

1. At its first session after the entry into force of this Agreement, the Council shall name the internationally recognized standard types and grades of ribbed smoked sheets and technically specified rubbers for inclusion in the Buffer Stock, provided that the following criteria are met:

(a) The lowest types and grades of natural rubber authorized for inclusion in the Buffer Stock shall be RSS 3 and TSR 20; and

(b) All types and grades allowed under subparagraph (a) of this paragraph which account for at least 3 per cent of the previous calendar year's international trade in natural rubber shall be named.

2. The Council may, by special vote, change these criteria and/or the selected types/grades if that is necessary to ensure that the composition of the Buffer Stock reflects the evolving market situation, attainment of the stabilization objectives of this Agreement and the need to maintain a high commercial standard of quality of buffer stocks.

3. The Buffer Stock Manager must make every effort to ensure that the composition of the Buffer Stock closely reflects the export/import patterns for natural rubber, while promoting the stabilization objectives of this Agreement.

4. The Council may, by special vote, direct the Buffer Stock Manager to change the composition of the Buffer Stock if the objective of price stabilization so dictates.

Article 35

Maintaining the quality of the buffer stocks

The Buffer Stock Manager shall ensure that all buffer stocks are purchased and maintained at a high commercial standard of quality. To help him achieve this, he may rotate natural rubber stored in the Buffer Stock as necessary to ensure such standards, taking into appropriate consideration the cost of such rotation and its impact on the stability of the market. The costs of rotation shall be brought into the Buffer Stock Account.

Article 37
Penalties relating to contributions to the Buffer Stock Account

1. If a member does not fulfil its obligation to contribute to the Buffer Stock Account by the last day such contribution becomes due, it shall be considered to be in arrears. A member in arrears for 60 days or more shall not count as a member for the purpose of voting on matters covered in paragraph 2 of this article.

2. The voting and other rights in the Council of a member in arrears for 60 days or more under paragraph 1 of this article shall be suspended, unless the Council, by special vote, decides otherwise.

3. A member in arrears shall bear interest charges at the prime rate in the host country beginning on the last day such payments become due. Coverage of arrears by the remaining importing and exporting members shall be on a voluntary basis.

4. A member shall not be considered as in arrears if any shortfall in its contribution is only a result of fluctuations in currency exchange rates in the 60 days following the call for payments. In this case, no interest will be charged on the shortfall. However, any such shortfall should be covered by the member within the 60 days following the initial payment.

5. When the default has been remedied to the satisfaction of the Council, the voting and other rights of the member in arrears for 60 days or more shall be restored. If the arrears have been made good by other members, these members shall be fully reimbursed.

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RENEGOTIATION OF THE INTERNATIONAL NATURAL RUBBER AGREEMENT, 1987

Proposals submitted by the President on articles 13, 18, and 59

CHAPTER IV. THE INTERNATIONAL NATURAL RUBBER COUNCIL

Article 13
Sessions

1. As a general rule, the Council shall hold one regular session in each half of the year.

2. In addition to sessions in circumstances specifically provided for in this Agreement, the Council shall also meet in special session whenever it so decides or at the request of:

(a) The Chairman of the Council;
(b) The Executive Director;
(c) A majority of the exporting members;
(d) A majority of the importing members;
(e) An exporting member or exporting members holding at least 200 votes; or
(f) An importing member or importing members holding at least 200 votes.

3. Sessions shall be held at the headquarters of the Organization, unless the Council, by special vote, decides otherwise. If on the invitation of any member the Council meets elsewhere than at the headquarters of the Organization, that member shall pay the additional costs incurred by the Council.

4. Notice of any sessions and the agenda for such sessions shall be communicated to members by the Executive Director, in consultation with the Chairman of the Council, at least 30 days in advance, except in cases of emergency when notice shall be communicated at least 10 days in advance.

Article 18
Establishment of committees

1. The following committees established by the International Natural Rubber Agreement, 1979, shall continue in being:

(a) Committee on Administration;
(b) Committee on Buffer Stock Operations;
(c) Committee on Statistics; and
(d) Committee on Other Measures.

Additional committees may also be established by special vote of the Council.

2. Each committee shall be responsible to the Council. The Council shall, by special vote, determine the membership and terms of reference of each committee.

CHAPTER XV. FINAL PROVISIONS

Article 59
Notification of provisional application

1. A signatory Government which intends to ratify, accept or approve this Agreement, or a Government for which the Council has established conditions for accession but which has not yet been able to deposit its instrument, may at any time notify the depositary that it will fully apply this Agreement provisionally, either when it enters into force in accordance with article 60 or, if it is already in force, at a specified date.

2. Notwithstanding the provisions of paragraph 1 of this article, a Government may provide in its notification of provisional application that it will apply this Agreement only within the limitations of its constitutional and/or legislative procedures and its domestic laws and regulations. However, such Governments shall meet all its financial obligations pertaining to the Administrative Account. The provisional membership of a Government which notifies in this manner shall not exceed 12 months from the provisional entry into force of this Agreement. In case of the need for a call-up of funds for the Buffer Stock Account within the 12-month period, the Council shall decide on the status of a Government holding provisional membership under this paragraph.

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Proposals submitted by the President on articles 41 and 43

CHAPTER IX. RELATIONSHIP WITH THE COMMON FUND FOR COMMODITIES

Article 41

Relationship with the Common Fund for Commodities

1. The Organization shall take full advantage of the facilities of the Common Fund for Commodities.

2. In respect of the implementation of any project funded under the Second Account of the Common Fund for Commodities, the Organization, as a designated International Commodity Body, shall not incur any financial obligation including for guarantees given by individual members or other entities. Neither the Organization, nor any member by reason of its membership in the Organization shall be responsible for any liability arising from borrowing or lending by any other member or entity in connection with such projects.

CHAPTER X. SUPPLY AND MARKET ACCESS AND OTHER MEASURES

Article 43

Other measures

1. With a view to achieving the objectives of this Agreement, the Council shall identify and propose appropriate measures and techniques directed towards promoting:

(a) The development of the natural rubber economy by producing members, through expanded and improved production, productivity and marketing, thereby increasing the export earnings of producing members while at the same time improving the reliability of supply. For this purpose, the Committee on Other Measures shall undertake economic and technical analyses in order to identify:

(i) Natural rubber research and development programmes and projects of benefit to exporting and importing members, including scientific research in specific areas;

(ii) Programmes and projects to improve the productivity of the natural rubber industry;

(iii) Ways and means to upgrade natural rubber supplies and achieve uniformity in quality specification and presentation of natural rubber; and

(iv) Methods of improving the processing, marketing and distribution of raw natural rubber;

(b) The development of end-uses of natural rubber. For this purpose, the Committee on Other Measures shall undertake appropriate economic and technical analyses in order to identify programmes and projects leading to increased and new uses of natural rubber.

2. The Council shall consider the financial implications of such measures and techniques and seek to promote and facilitate the provision of adequate financial resources, as appropriate, from such sources as international financial institutions and the Second Account of the Common Fund for Commodities.

3. The Council may accept any voluntary contribution in support of approved projects to implement this article. The management of financial contributions shall be subject to rules to be established by special vote of the Council.

4. The Council may make recommendations, as appropriate, to members, international institutions and other organizations to promote the implementation of specific measures under this article.

5. The Committee on Other Measures shall periodically review the progress of those measures which the Council decides to promote and recommend, and shall report thereon to the Council.